

ISG administration will have 'serious knock-on effects' for construction industry

2 years ago



On September 20th, construction giant [ISG](#) went into administration, leaving 2,200 employees redundant.

In a statement released by the firm, it confirmed it has entered administration, saying: 'ISG's UK operations, which provided construction and related services in the UK, have ceased to trade with immediate effect. As a result, no further work will be undertaken on existing UK contracts, including for Construction, Fit Out and Engineering services.'

David Crosthwaite, chief economist, BCIS, said: "The failure of ISG is likely to have serious knock-on effects for the sector. This is the largest business failure since Carillion and the ramifications will no doubt be serious."

He added: "ISG directly employed circa 2,200 employees who are now out of a job. Further impacts will be felt throughout the supply chain as sub-contractors and suppliers are left unpaid."

"Cashflow is critical for construction businesses and as soon as there are negative impacts on cashflow then it doesn't take much for those businesses to fail. So, I suspect that insolvency numbers will rise as a result of the ISG failure."

"In addition, there will also be a raft of projects, at various stages of completion, that will be left unfinished and which clients will need to replace with a new contract as soon as possible to avoid compounding any losses."

Timothy Vance, Alan Michael Hudson and Dan Edkins were appointed as Joint Administrators for ISG.